A36.70.66

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Ec
Washington

C-66 WORLD COTTON PROSPECTS 1/ January 31, 1931

- - - - - - - - -

SUMMARY

Cotton prices were generally stable during the past month, the fluctuations being within rather narrow limits. Prices of imported growths of cotton in Liverpool from December 19 to January 16 made advances ranging from 0.12 cents (for Indian cotton) to 0.71 cents (for Egyptian Sakellaridis). American middling advanced 0.18 cents per pound. Futures contracts for American cotton at New York, New Orleans, and Liverpool made net gains of from 0.08 to 0.64 cents per pound December 15 to January 14, with the American markets showing considerably more strength than the Liverpool market. The greatest gains in the New York and New Orleans markets were made in January contracts.

The world visible supply of all cotton on January 16, 1931 was about 1.8 million bales above the corresponding date last year. The visible supply of American cotton was 1.9 million bales above last year while other cotton was about 100,000 bales below last year. Exports of domestic cotton for the first five months this season were about 216,000 bales below last season while exports of cotton from India so far this season are about 255,000 bales above last season. Exports from Egypt are running below last season. American cotton moving into sight during December amounted to only 1.6 million bales and was the lowest for the month of December since 1922. Receipts at ports in the United States, domestic mill takings and overland movement during December were all below December, 1929. Stocks at ports and interior towns at the end of December, however, were 1.9 million bales above a year earlier.

1/ With special summary of The Egyptian Government's cotton policy.

Domestic consumption of raw cotton during December was only 9,000 bales below November, whereas the average decrease during the past three years from November to December amounted to 85,000 bales. The rate of consumption so far this season, however, has been very much below recent years.

Production of standard cotton cloth was about the same as in November after adjusting for seasonal. Sales and shipments of cotton cloth, however, were below November whereas on the average, sales during December are above November. The decrease in stocks of goods on hand during 1930 amounted to about 97.1 million yards or 21 per cent but unfilled orders at the end of December were about 33 per cent lower than a year earlier. In Great Britain textile activity was about the same during December, but the lock-out of 180,000 weavers about the middle of January has altered the situation. The activity in the cotton industry in continental Europe has shown no material change during the past month, but some improvement is quite generally expected during the remainder of the current cotton season.

Production of both yarn and cloth in Japan increased during December compared with November. This was the sixth consecutive month in which yarn production has increased and the production in December was 19.2 per cent above last July. Spinning operations in China continue active and in the Japanese section the mills continue to be sold out well forward. The new piece goods tariff is expected to stimulate the weaving industry which in turn will improve the situation for higher count yarns. This is at least partly offset by lower silver prices which are favorable to the use of Chinese cottons rather than American.

Prices

Spots

Prices of spot cotton have been rather steady during the past month a general tendency to advance. From December 19 to January 16, the price of American cotton advanced 0.41 cents per pound in the ten markets and in Liverpool advanced 0.18 cents during this period. Of the other important growths some advanced more and some less than American during this period in the Liverpool market, with advances as follows: Egyptian Sakellaridis 0.71 cents, Egyptian Uppers 0.51 cents, Indian Sind and Oomra No. 1 0.12 cents, and Brazilian and Peruvian 0.18 cents per pound. On December 15 the price of American middling seven-eighths inch at the ten markets averaged 8.58 cents, the lowest it has been this season and on that date the average United States farm price was 8.7 cents per pound. Since the middle of January spot prices have continued to improve.

Futures

Futures contracts for American cotton in the New York, New Orleans and Liverpool markets made net gains in the active months ranging from 0.08 cents to 0.64 cents per pound from December 15 to January 14. The two American markets were somewhat stronger than Liverpool, the range of advance for each market being as follows: New York, 0.43 to 0.64 cents; New Orleans, 0.49 to 0.58 cents; and Liverpool 0.08 to 0.34 cents per pound.

Stocks and Movement

World visible supply

The visible supply of all cotton on January 16, 1931 amounted to about 9,954,000 running bales compared with 8,117,000 bales a year earlier, according to the Commercial and Financial Chronicle. The visible supply of American at this time totaled 7,714,000 bales against 5,777,000 bales last year. Stocks of American cotton in European ports and afloat for Europe amounted to 1,888,000 bales compared with 1,803,000 bales on the corresponding date a year ago or an increase of only 85,000 bales compared with an increase in stocks at ports and counted interior towns in the United States of 1,833,000 bales. The decrease in the visible supply of foreign cotton was due largely to a decrease in stocks at Liverpool and Bombay, although this was partly offset by the 252,000 bale increase in stocks of Egyptian cotton in Alexandria.

Exports of American cotton

Exports of domestic cotton during December amounted to about 766 thousand running bales, compared with 910 thousand bales during December, 1929. Total exports for five months ending December 31, 1930 amounted to 3,947,000 bales or 216,000 bales below the corresponding period last season. France is the only important consumer of American cotton to which exports this season have been above last season. For the first five months this season, exports to France totaled 641,000 bales, compared with 536,000 last season, or an increase of about 105,000 bales. Exports to both Italy and Japan for the season are over 100,000 bales below last season.

Exports of foreign cotton

Exports of Indian cotton from August 1 to January 15 this season amounted to 1,452,000 bales, or an increase of 255,000 bales and 209,000 bales, respectively, above the corresponding periods the past season and the season before, according to the Commercial and Financial Chronicle. Exports to Great Britain were considerably above those in either of the two previous seasons as were exports to Japan and China. Exports of Indian cotton to the Continent, however, were below the two past seasons.

From August 1 to January 14 exports from Alexandria, Egypt, amounted to 419,000 bales, compared with 484,000 bales and 533,000 during 1929-30 and 1928-29 seasons respectively. The Continent and India have taken more this season than during the two previous seasons, whereas exports to Great Britain and America were considerably below last season and the season before.

Into sight, port receipts, mill takings, etc.

American cotton moving into sight during December amounted to about 1.6 million bales compared with 2.1 million bales during December, 1929 and 2.3 million bales December 1928 and was the lowest for the month of December since 1922, according to reports of the New Orleans cotton exchange. This was probably due to the fact that producers are holding cotton for higher prices. Receipts at ports in the United States during the month of September totaled about 967,000 bales compared with 1,157,000 in December, 1929. Overland movement, which amounted to about 122,000 bales during December, was 33,000 bales less than in December, 1929. Mill takings were likewise below December, 1929, amounting to about 811,000 bales compared with 1,015,000 bales. Stocks at ports and interior towns at the end of December were 6.6 million bales or 1.9 million bales above a year earlier.

Stocks in consuming establishments, etc.

Cotton on hand December 31, 1930 in domestic consuming establishments amounted to 1.7 million bales compared with 1.8 million at that date in 1929. Although imports of Egyptian cotton so far this season are about 75,000 bales below last season, stocks of Egyptian cotton in consuming establishments at the end of December amounted to 70,000 bales or only about 2,000 bales below a year earlier. Stocks of other foreign cotton were about the same as at the close of 1929.

Textile Situation

United States

The consumption of raw cotton during December, which amounted to 406,000 bales was 9,000 bales below November. This compares with an average decrease during December, compared with November, of 85,000 bales during the past three years and an average of about 33,000 bales during the past 10 years. The low rate of consumption during the first five months of this season has resulted in total consumption of 2,012,000 bales against 2,738,000 bales during the first five months last season. This is equal to an average monthly rate of consumption of about 402,000 bales so far this

season compared with 548,000 bales during this period last season and an average rate of about 481,000 bales during the last seven months of the past season. The weekly average production of standard cotton cloth during December which amounted to 46.8 million yards was 4.9 million yards below the average during November and compares with a decrease during December, as compared with November last year, of 8.1 million yards and a decrease during the past three years of 4.2 million yards, according to the Association of Cotton Textile Merchants, New York. From this it would seem that the activity in this phase of the industry was about equal to or slightly below November when adjusted for seasonal. The weekly average sales of cotton cloth during December on the other hand decreased 9.3 million yards compared with November whereas during the three previous years there has been an average increase in December over November of 13.0 million yards. Shipments likewise decreased slightly more than the average of the three years 1927 to 1929. Total production of cotton cloth for the calendar year 1930 amounted to about 2,818.6 million yards. This was 738.7 million yards or 21 per cent below production during 1929 and 1,744.4 million yards or 38 per cent below 1928. Although shipments were below last year they were above production for the first year since 1926. This resulted in a decrease in stocks on hand of about 97.1 million yards or 21 per cent from the end of December, 1929 to the end of December, 1930. Unfilled orders at the end of December on the other hand were 142.1 million yards or 33 per cent lower than a year earlier.

Great Britain

The cotton textile situation in Great Britain at the end of December was about the same as a month earlier, but a lock-out among the weavers on January 17 makes the outlook somewhat uncertain.

The exports of cotton piece goods during December amounted to 130.2 million square yards compared with 130.3 million during November. During the past ten years exports of piece goods for December have averaged about 26 million square yards below November, and in only three of the ten years were exports in December above November. Therefore when adjusted for seasonal, there was some pickup in December in exports of cotton piece goods. Exports during January may be expected to show some seasonal improvement at least, for during the past ten years January has been above December every year except three and has averaged about 30 million square yards above December. Exports of cotton yarn during December were 11.6 million pounds or 0.6 million pounds above November. The seasonal relationship between November, December, and January are about the same as in the case of piece goods, December averaging below November and January slightly above December.

The lock-out of some 25,000 weavers in Burnley which took place January 12 has been extended and it is estimated that 180,000 operatives are now locked out. The weavers' union has refused to give the leaders authority to negotiate a settlement, according to a cable from Agricultural Attache Foley at London. He also states that 20,000 more notices will be effective within the next few days. In view of this trouble it seems probable that the Government will intervene. Although the strike has potentialities of becoming very important with respect to the textile trade of Great Britain, the availability of looms in other countries for turning out cloth for world trade minimizes the influence of the strike on the world cotton situation.

Continental Europe 1/

In many respects, the prospects for 1931 on the Continent are similar to those prevailing a year ago, when, after a year and a half of steadily declining activity in the cotton textile industry, accompanied by a steady fall in raw cotton prices, conditions appeared to have reached a point where some revival in demand could be looked for. Cotton prices proved not to have reached bottom, however, and continued rapidly downward as the general business depression developed, with the result that Continental Europe took nearly 15 per cent less cotton in the year ended July 31, 1930, than in the previous year, and at prices averaging about 15 per cent lower.

The situation this year differs from that of a year ago in one very important respect, the price level appears to be touching rock-bottom when looked at from almost any view point. For the other factors, the level of spinning mill activity is slightly below that of a year ago, goods stocks in distributing channels are fully as low or lower than last year when stocks were reported as reduced, raw material stocks on the Continent are slightly higher, and the general order situation is not much different on the whole. The purchasing power of consumers in Europe has undoubtedly decreased materially since a year ago, but textile prices have dropped and seem likely to drop enough more to offset largely any further reduction in consumer wages income. The tendency of general business conditions is still downward, as it was a year ago, but optimism about a turn for the better is less evident yet probably better founded than at the beginning of 1930. Last year, from beginning to end, was one of reduced activity and turnover in the cotton industry and trade; 1931 starts low but seems likely to work to somewhat better levels for the industry before the year is past.

There are some general indications that the cotton textile industry and trade on the Continent have now worked back to a basis that will result in a relatively more stable rate of raw cotton consumption in the future than has prevailed up to recent years. Briefly stated, it appears that the periods of feverish mill consumption of cotton in most continental countries in 1925 and from late 1926 to 1928 were exceptional and not very likely to recur. They represented to a considerable extent production destined to fill up the slack in consumer and trade stocks that still existed from war causes as well as to supply current retail demand. Generally speaking, stocks in distributing channels and the hands of actual consumers were replenished during those years and may now be described as "not far from normal on the basis of demand in recent years" - though recent slack trade demand has apparently reduced them to somewhat below such a conception. This fact seems likely to remove one of the major causes of the rather violent changes that have occurred in continental cotton goods production in the past several years. Actual figures on stocks of cotton goods are nowhere available in Europe, but an analysis of certain indices of retail textile sales and cotton mill production points to these broad indications, at least for Central Europe and the territory within the competitive sphere of these countries. These facts are of interest as having considerable bearing upon what should be regarded as a normal rate of mill activity

---

1/ Based on report dated January 7, 1931 from Agricultural Attache' L. V. Steere at Berlin, suplimented by cable January 17.

and raw cotton consumption on the Continent in years to come. The average annual consumption of cotton in Germany, for example, will probable be lower in years to come than the high levels of mill activity in 1925 and 1927-28 have led many people to expect, and the same is true of other continental countries also.

The following data, while relating to Germany, are believed indicative of the tendencies in a large part of the Continent around Central Europe, but are probably not applicable to France.

Table 1.- Indices of cotton textile distribution in Germany.

Item	1925	1926	1927	1928	1929	1930
Retail Clothing Sales (Value 1925 = 100)	100	95	103	106	98-102	90-93
Sales of all textiles (Value 1925 = 100) 1/.....	100		104	114	111	2/ 103
Estimated volume of cotton Textile Sales (1925 = 100)	100	96	100	103	99	94

1/ In German Department and large specialty stores.
2/ Estimate.

The relatively small fluctuation in sales of cotton textiles results from a less elastic consumption because of the "necessity" character of most cotton goods. Cotton goods consumption from 1925-1929 on the average was probably not far from what may be regarded as a normal rate, so that the figure for 1930 represents a considerable decline, one due to decreased purchasing power. It is believed, however, that expected reductions on retail textile prices and, later on, improvement in general economic conditions will prevent further recession.

Since the period 1925-1929 was taken as near normal, on the average, for retail distribution of cotton goods, a comparison with mill production of goods over the same period will give indications of the movement of goods stocks in trade channels in those years.

The index of production used below is based upon raw cotton consumption in Germany, Czechoslovakia, Austria, Poland, Hungary and Switzerland (1924-25 - 1928-29 = 100)

Table 2.- Indices of cotton textile production and distribution.

Item	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30
Production	89	87	109	117	100	93
Cotton Textile Sales (Cal. year)	100	96	100	103	99	94
	Large reduction of stocks		Large rise in stocks		Small reduction in stocks, to perhaps below normal.	

The changes indicated in stocks level are about in line with textile trade reports during the period to which the figures refer, but were apparently not as great in extent as the reports often inferred. The figures seem to indicate, further, that mill production could still decline to some extent, though on the other hand, the relatively important drop in retail distribution indicated for 1930 and the prospects for reduction of cotton goods prices give ground for belief that a revival inthe quantity of cotton goods consumed is just as much within the realm of possibility. Another indication of the data is that the level of raw cotton consumption attained in 1926-27 and 1927-28 can hardly be expected to recur, unless conditions should develop which would result in a renewed exhaustion of stocks. If a period of high mill activity should come about because of extremely low cotton prices, or for other reasons, it would undoubtedly raise goods stocks in trade channels materially above normal levels and be reflected in a sharp curtailment of mill operations in the industry. It would appear that a normal rate of raw cotton consumption in Central Europe is about equivalent to that prevailing in the season 1928-29, which was distinctly below the levels in the two preceding years.

Available data do not permit the drawing of definite conclusions regarding stocks of cotton textiles in the other important cotton textile producing countries on the Continent, particularly France and Italy. Reports from France during 1930, however, have indicated some tendency for cotton goods stocks to accumulate, though the rise has probably not been large. The situation in France in the past two years has had some similarity to the two years 1926-27 and 1927-28 in Germany, except that levels of activity in the French industry have not been as much above normal as German operations were at that time. Mill consumption of cotton in France does not normally fluctuate greatly from year to year. In Italy, the cotton industry has been contending with forced retrenchment throughout 1930. A reduction of stocks of products held by mills has occurred during the year after a steady rise during 1929, and it seems probable that similar developments have taken place in the textile distributing trade. Conditions in Italy during 1930 have resembled those of 1929 in Germany to a marked extent.

Table 3.- Cotton: Continental mill consumption of all kinds, by countries, 1927-28 to 1929-30

Country	1927-28	1928-29	1929-30
	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.
Germany	1,564	1,353	1,292
France	1,169	1,212	1,155
Italy	935	1,017	967
Czechoslovakia	542	487	444
Belgium	380	405	402
Spain	406	397	400
Poland	358	254	222
Switzerland	137	122	118
Holland	175	182	194
Austria	160	143	111
Sweden, Portugal			
Finland, Denmark	1/ 295	273	290
Norway, Hungary			
Total 16 countries	6,121	5,845	5,595

Figures of the International Federation in running bales converted into approximate bales of 478 pounds net or 500 pounds gross on the basis of the following coefficients: 1 Indian bale = 8 American bales; 1 Egyptian bale = 1.48 American bales; 1 "Sundries" bale = .72 American bales; and 1 American bale = approximately 478 pounds net, or 500 pounds gross.

1/ An estimate for Hungary included as prior to 1928-29 consumption in Hungary was given in "Sundries" countries.

The position of American and competitive cottons.

Unusually low prices of non-American growths, particularly Indian and Egyptian, have caused rather marked increases in the consumption of these cottons at the expense of American in continental countries in recent years. The tendency has been particularly noticeable with Indian growths, in the case of which price relationships have been extremely favorable and the technical possibilities of substitution for American greater than exist for Egyptian.

Table 4.- Cotton: Continental consumption of Indian and Egyptian in relation to American and relative prices, 1925-26 to 1929-30

Season	Consumption: American	Consumption: Indian	Consumption: Egyptian	Indian Cotton: Average price Nov-Mar in percentage of American 1/	Indian Cotton: Consumption in percentage of American	Egyptian Cotton: Average price of Uppers, Nov-Mar in percentage of American	Egyptian Cotton: Consumption in percentage of American.
	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.	Percent	Percent	Percent	Percent
1925-26	3,941	856	425	81	23	118	11
1926-27	4,427	690	485	96	16	119	11
1927-28	4,675	778	478	85	17	117	10
1928-29	4,239	924	506	77	22	103	12
1929-30	3,772	1,010	537	72	27	100	14

International Federation figures corrected, including estimates for Hungary prior to 1928-29.

1/ Average quotations for American Seed, Broach, Comra and Scindh.

Price relationships between American and Indian growths so far this season are more favorable to American cotton than was the case last year. It is expected, therefore, that the consumption of Indian cotton during the current season will be somewhat smaller, relatively, than last year. Prices of Egyptian cotton were also above last year's parity with American during the first months of the current year, but have been dropping steadily since September and fell below last year's parity in December. It appears likely that consumption of Egyptian cotton in relation to American will not differ materially this season from that of last year. Consumption of "sundries" cotton in 1931, on the other hand, appears likely to decline because of the exceptionally low price of American staple.

See Tables 5 : Continental mill consumption by growths, and Table 6: Prices of Indian Cotton in percentage of American.

Spinners' takings

Spinners' takings of American cotton on the Continent this season to about December 26 were about 230,000 bales below those of last year and were especially small during December in comparison with a year ago. Larger takings are expected in the next few months, and it is believed that last year's decline in May, June and July will not be repeated.

Table 5.- Cotton: Continental mill consumption by growths, 1924-25 to 1930-31

Season	American	Indian	Egyptian	Sundries	Total
	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.	1,000 bales of 500 lbs.
1924-25	3,730	894	459	116	5,199
1925-26	3,951	858	425	135	5,369
1926-27	4,437	692	485	162	5,776
1927-28	4,680	778	478	185	6,121
1928-29	4,239	924	506	176	5,845
1929-30	3,772	1,010	537	276	5,595

International Federation figures converted including estimates for Hungary prior to 1928-29.

Table 6.- Cotton: Prices of Indian in percentage of American 1/

Season	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1926-27	92	90	112	105	108	86	92	91	87	87	90	87
1927-28	84	73	85	82	84	84	87	87	82	81	82	78
1928-29	80	77	77	79	78	78	76	74	73	72	70	68
1929-30	72	72	72	74	72	72	70	72	68	67	70	64
1930-31	64	76	75	77	76	79						

1/ Average Bremen quotations for fine mgd. Scindh, fine mgd. Oomra No. 2, f. st., fine mgd. Broach, and American Seed No. 1 (Punjab).

Table 7.-Cotton: Prices of Egyptian uppers 1/ in percentage of American 2/

Season	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent
1926-27	107	118	134	126	114	119	113	117	113	122	127	126
1927-28	128	118	116	119	115	117	115	119	124	120	114	108
1928-29	105	104	103	101	103	103	105	104	100	100	96	96
1929-30	94	100	97	98	97	98	104	104	100	103	101	111
1930-31	108	116	110	101	93	95						

1/ At Liverpool.
2/ Bremen quotations for Strict Middling American, 1-1/16" .

Table 8.- Cotton, America: Continental spinner takings specified periods.

Four weeks ending about	1926-27	1927-28	1928-29	1929-30	1930-31
	Running bales	Running bales	Running bales	Running bales	Running bales
Aug. 1 - Aug. 8	(62)	(89)	(131)	(121)	(52)
Sept. 5	317	431	295	232	231
Oct. 3	268	334	339	282	276
Oct. 31	457	421	427	332	323
Nov. 28	473	440	424	434	389
Dec. 26	544	475	436	415	313
Total Aug. 1 to Dec. 26	(2,141)	(2,190)	(2,052)	(1,816)	(1,584)
Jan. 23	449	430	454	406	
Feb. 20	680	440	361	380	
Mar. 20	539	386	477	364	
Apr. 17	463	401	332	304	
May 15	524	420	337	256	
June 12	443	361	417	245	
July 10	516	384	304	243	
July 31 1/	253	303	143	163	
Total.....	(6,008)	(5,315)	(4,877)	(4,177)	

1/ Three weeks.

Digest of present situation and outlook in individual countries

Germany has had a very unsatisfactory year in the cotton textile industry during 1930, and gives little promise of much improvement in the immediate future, though some increase in mill activity appears probable during 1931. Stocks of yarns and cotton goods are considered relatively low, but may not change materially from current levels if production and retail distribution continue about equally restricted, as in 1930. Prospects of reduced retail prices of cotton goods, with a possible upturn in general business in the second half of 1931, afford some hope for revival in the actual volume of cotton goods consumption in the coming year.

Czechoslovakian cotton industries also experienced very unsatisfactory operating conditions in 1930. A moderate improvement late in autumn appears to have been checked subsequently. It is expected that Czechoslovakian mills will be able to maintain and probably increase upon the rate of raw cotton consumption reported in 1930, but the current tariff war with Hungary and possible reduction of spindleage in Czechoslovakia may affect the actual amount of cotton consumed. Austria experienced a heavier reduction in cotton consumption than probably any other country on the Continent in the season 1929-30, but is expected to increase the amount used in 1930-31. The capacity of Austrian mills, however, has been reduced by the transfer of spindleage to Hungary and Yugoslavia as a result of the effects of the tariff situation. If the Czecho-Hungarian tariff war continues for any length of time, Austria will probably obtain increased business with Hungary. The Hungarian cotton textile industry is well protected and its capacity far below home market requirements, so that consumption in 1931 is expected to equal and probably to exceed that of the past year. Switzerland was considerably affected by the general textile depression in 1930, but reports indicate expectation of at least a small improvement in 1931.

Poland The Polish cotton industry has made marked progress in readjustment of production to sales possibilities in the past year and is expected to attain a moderate increase in cotton yarn and cloth production in 1931, even though domestic economic and foreign trade conditions are distinctly unfavorable. So far as can be judged at the present time, a consumption of raw cotton in 1930-31 equal to and slightly above that of 1928-29 is reasonably possible.

France France appears to be faced with a year of some general business recession which may extend, at least to a slight extent, to the textile industry. As the French mills, however, are generally well equipped with the most modern machinery and enjoy relatively low wages costs, and, at the same time, find it necessary as a practical matter to maintain operations wherever possible in order to hold their skilled labor, it appears that consumption of cotton in the new year should not be reduced to an important extent, if at all. The French cotton industry has shown itself able to compete with other continental countries in the past two years of intense competition, and 1931 should not alter the situation.

Consumption of cotton in Italy in 1930-31 is not expected to differ materially from that during the season 1929-30 and the same is true for Holland and Belgium, though the possibility of a slight reduction in the latter two seems greater than the likelihood of an increase.

Soviet Russia

All available information indicates, barring unusual developments, that 1931 will be characterized by a considerable diminution of Russia's dependence upon foreign cotton, as a result of the large 1930 crop and the further increase planned in 1931. Preliminary reports point to a probable production in 1930 of 1,700,000 to 2,050,000 bales of 478 pounds as compared with 1,310,000 in 1929, while the 1931 plans for the cotton acreage call for an increase of about 45 per cent over the area sown in 1930. This plan, if only partially carried out, and provided weather conditions prove favorable, might mean an almost complete removal of the necessity of imports of foreign cotton on basis of the present consumptive capacity of the cotton mills.

Hitherto, Soviet cotton textile production has been limited by the size of the domestic crop and funds for buying foreign cotton, but it now appears that a stage is approaching where domestic production will cover internal requirements and even provide some surplus, unless the number of mills is increased. Such a contingency, of course, does not seem probable before 1932 and might not materialize even then. The success or failure of 1931 cotton production plans in Russia, in any event is of no little significance in its bearing upon Russia's probable future need for American cotton.

Russia's cotton textile production plan for the economic year 1931 1/ provides for the manufacture of 3,083,952,000 yards of fabrics or an increase of about 20 per cent over the 2,573,240,800 yards produced in the economic year ended September 30, 1930. It should be noted, however, that the production plan for 1930 failed to reach expectations by a wide margin, largely because of raw material shortage. The plan had called for an output of over 3,281,000,000 yards as compared with 3,091,000,000 yards produced in 1928-29.

Japan

Yarn production in Japan in December amounted to about 84.4 million pounds, an increase of 2 million pounds over November, according to cable from Consul Dickover. This was the sixth consecutive month in which yarn production has increased and amounted to 19.2 per cent over the July production of 70.8 million pounds. This increased yarn production is due largely to high yarn prices caused by speculation on Japanese exchange. These abnormal yarn prices in Japan, together with the low value of silver in China are encouraging the importation of cheap Chinese yarn. Production of cotton cloth in December increased over November by 9 million yards. Exports, however, decreased slightly due to higher Chinese tariff. It is feared that this tariff will be adverse to the Japanese cotton industry.

1/ Beginning with January 1, 1931, the economic year in Russia will coincide with the calendar year.

The Japanese mills continue to purchase only sufficient cotton to cover their yarn commitments, according to Consul Dickover. There is little or no buying as yet to replenish depleted stocks. The buying of large quantities by importers on speculation appears to be abandoned this year. It is expected that the Japanese mills will take a million or more bales of American cotton during the 1930-31 season but purchases will probably be separated evenly throughout the year. Imports of American cotton in December amounted to 100,418 bales of 478 pounds net, which was only slightly in excess of mill requirements. Imports of Indian cotton, so far this season, have exceeded those of the same period last year by over 100,000 bales.

China

Prices of domestic cotton and cotton yarn in China have recently advanced due to the decline of silver and, in the case of raw cotton, to the smaller arrivals, according to a cable received from Agricultural Commissioner Kyhus at Shanghai. The advance in yarn prices, however, has not been comparable with the advance in the prices of foreign cotton and the buying of foreign cotton is temporarily quiet. Arrivals of American cotton have been large. This, together with commitments, gives the mills a supply up to April at least and the demand for American cotton at present is very quiet.

Spinning operations in the Japanese owned mills are active and the movement of yarn from mills as well as the stocks on hand are quite satisfactory. Japanese mills continue to be sold out well forward and should be in the market again before long for substantial amounts of raw cotton from the current crop. There is an active demand for piece goods in stock, but due to the present rate of exchange and the higher tariff, prices in many lines must advance considerably before replacements can be made. The new piece goods tariff will doubtless stimulate the local weaving industry and consequently the outlook for higher count yarns. More peaceful civil conditions is another favorable factor in the textile situation. The new low level of the silver exchange is a speculative factor in the outlook and as a result of the unfavorable exchange, requirements for American cotton may be curtailed. High count yarn prices may be rather slow in adjusting to the lower silver exchange.

Brazil

The cotton textile industry in the State of Sao Paulo is in the most serious situation in its history, according to a report from Assistant Trade Commissioner, J. Winsor Ives at Rio de Janeiro. The industry in this State represents approximately 32 per cent of the volume and value of Brazil's total.

In a mill to mill canvas of sixty of the largest mills in the State of Sao Paulo which represent 87 per cent of the total spindles and 80 per cent of the total looms in the State it was found that on October 30, 1930 only 39 per cent of the total spindles were working regularly, 41 per cent were on varying schedules of activity, 17 per cent were either practically closed or temporarily closed and the remaining 3 per cent were inactive through mills being bankrupt or otherwise involved in financial difficulties.

Production, acreage, and crop condition reports

United States

Production - The December report on the probable production, acreage, and yield was the last report that will be made until the revised estimates are released in May following the final ginnings report of the Bureau of the Census. Until that time the December estimates will remain as the official figures for the United States as a whole and for the separate States. In view of this fact the accompanying Table giving the probable production and yield per acre for the 1930 crop with comparisons is included this month.

From this Table it may be seen that in South Carolina, Georgia, Florida, Alabama, and in the irrigated region, New Mexico, Arizona, and California, the indicated yields of the 1930 crop are unusually large while in North Carolina, Mississippi, Oklahoma, Arkansas, Virginia, Tennessee, and Missouri, the yields are below average.

Table 9.-- Cotton: Indicated production and yield per acre in the United States, crop of 1930 with comparisons

State	Yield per acre left for harvest: 10-year average 1919-1928	1929	1930 (Dec. 11 est.)	Production (Ginnings) 500 pounds gross weight bales 1/: 1928 crop 2/	1929 crop 2/	1930 crop (Dec. 1 est.) 2/
	Pounds	Pounds	Pounds	1,000 bales	1,000 bales	1,000 bales
Va.	246	258	228	44	48	4[illegible]
N. C.	255	190	233	836	747	79[illegible]
S. C.	175	179	227	726	830	1,04[illegible]
Ga.	134	171	199	1,030	1,343	1,62[illegible]
Fla.	106	145	232	19	29	5[illegible]
Mo.	249	308	207	147	220	160
Tenn.	182	217	153	428	515	400
Ala.	148	174	188	1,109	1,342	1,495
Miss.	173	220	169	1,475	1,915	1,500
La.	152	183	162	691	809	710
Tex.	135	108	116	5,106	3,940	4,100
Okla.	155	128	106	1,205	1,143	900
Ark.	167	178	112	1,246	1,435	910
N. Mex.	3/ 288	333	377	88	90	100
Ariz.	291	324	361	4/ 149	4/ 153	4/ 160
Calif.	293	402	443	172	260	250
Other	3/ 188	227	149	7	9	6

1/ Not including production of linters which is usually about 6 per cent as much as the lint.
2/ Allowances made for cross State ginnings.
3/ Less than a 10-year average.
4/ Including 30,000 bales Egyptian in 1928, 30,000 bales in 1929 and 28,000 bales in 1930.

Quality of the crop - The quality of the cotton ginned prior to December 1, 1930 is about the same as that ginned prior to November 1. As was pointed out last month the staple length of the 1930 crop so far is better than the 1929 crop, there being only 13.3 per cent untenderable due to short staple this year compared with 19.9 per cent last year. The improvement in staple is largely in the 15/16" to 31/32" group which represents 34.9 per cent of the total this year. This is 6.0 per cent more than was represented in that group last year at this time. The grade of 1930 crop is also running some better than the previous crop.

World production and acreage

Note: In this section of last month's report there was an error in the addition of one column in the Table. The total estimated production for 1930-31 in the 13 countries which had reported up to that time was 22,450,000 bales instead of 24,450,000 bales as was given in Table 4, page 16 of the December report. The percentage 1930-31 is of 1929-30 should have been 100.3 instead of 109.2. This would have made the text on page 15 the second sentence in the first paragraph under World summary of production and acreage read, "In the 13 countries the estimated production this year is 0.3 (instead of 9.2) per cent above last year's production."

Revisions have been made in the estimates of production in the 13 countries which reported for the 1930-31 crop since last month. In these countries which produced about 85 per cent of the estimated world production last year the estimated production this year is about 22,317,000 bales of 478 pounds net or a decrease of 45,000 bales or 0.2 per cent below last year's production. These estimates are preliminary, however, and will be revised from time to time. (See Table 10)

The estimated acreage planted to cotton in 13 countries reporting to date (not the same 13 which have reported production) for the 1930-31 crop has been revised. From the latest reports the acreage in these countries is estimated to be 0.5 per cent above last year. The acreage in these countries last year represented about 93 per cent of the estimated world total.

Table 10.-- Cotton: Acreage and production in countries reporting for 1930-31, with comparisons

Item and country	Average 1909-10 to 1913-14	1928-29	1929-30	1930-31 prelim.	Percentage 1930-31 is of 1929-30
Acreage	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Per cent
United States	34,152	45,341	45,793	45,218	98.7
India 1/	21,361	24,992	23,536	22,964	97.6
Russia	1,569	2,257	2,595	3,840	148.0
Egypt	1,743	1,805	1,912	2,162	113.1
Uganda	58	684	673	725	107.7
Chosen (Korea)	146	503	456	463	101.5
Mexico	253	502	492	393	79.9
Anglo Egyptian Sudan	44	268	369	398	107.9
Greece	19	38	35	27	77.1
Spain	--	19	24	47	195.8
Syria and Lebanon	--	19	60	76	126.7
Algeria	2	12	14	14	100.0
Bulgaria	2	13	14	14	100.0
Total above countries	59,349	76,453	75,973	76,341	100.5
Est. world total excl. China	62,500	82,400	81,900	82,300	
Production 2/	1,000 bales	1,000 bales	1,000 bales	1,000 bales	Per cent
United States	13,033	14,478	14,828	14,243	96.1
India 3/	3,529	5,018	3,910	3,977	101.7
Russia	905	1,250	1,310	4/ 1,850	141.2
Egypt	1,453	1,672	1,725	1,697	98.4
Mexico	187	278	246	169	68.7
Anglo Egyptian Sudan	14	142	142	171	120.4
Chosen (Korea)	20	150	139	152	109.4
Greece	13	15	12	9	75.0
Tanganyika	5/ 8	28	23	18	78.3
Union of So. Africa	6/	8	12	12	100.0
Spain	--	3	3	9	300.0
Bulgaria	1	3	4	4	100.0
Algeria	7/ 1	6	8	6	75.0
Total above countries		23,051	22,362	22,317	99.8
Est. world total, incl. China		26,100	26,300	26,400	

Official sources and International Institute of Agriculture.

1/ Third estimate incomplete. 2/ In bales of 478 pounds net. 3/ First estimate, incomplete. 4/ Approximate mid-point of a range of reports. 5/ Average for four years. 6/ Less than 1,000 bales. 7/ Average for three years.

Compiled by the Foreign Service of the Bureau of Agricultural Economics from the latest available sources.

Egypt

It is estimated that 964,000 bales of cotton of 478 pounds net have been ginned in Egypt up to January 1 according to a cable from P. K. Norris, Cotton Specialist of the Foreign Agricultural Service at Cairo. This is a decrease of 111,000 bales or 10 per cent under the 1,075,000 bales ginned at the same date last year, and 231,000 bales or 19 per cent less than were ginned up to January 1 of 1929. Of the total ginnings to January 1, 224,000 bales were of the Sakellaridis variety. This is 85,000 bales or 28 per cent less than were ginned at the same date last season and 145,000 bales or 39 per cent less than were ginned by January 1, 1929. The ginnings to January 1 of all other varieties is estimated at 740,000 bales, a decrease of 26,000 bales or 3 per cent under the quantity ginned at the same date last season and 86,000 bales or 10 per cent less than were ginned by January 1 of 1929.

India

The picking of the cotton crop in Punjab, India, is nearly finished, according to a cable from the International Institute of Agriculture at Rome. The crop was normal to below normal. Last season 659,000 bales of 478 pounds net were produced in Punjab; the Province producing on an average of about 12 per cent of the total crop for the past ten seasons and the range has been from 7 per cent to 16 per cent of the total crop. It was estimated in August that 2,310,000 acres were planted in Punjab this season and the final estimate last year was 2,496,000 acres. About ten per cent of the total cotton acreage of India is in Punjab.

Russian production

There is no doubt that cotton production is increasing very rapidly in Russia and present information points to a crop between 1,700,000 bales and 2,000,000 bales for 1930. This estimate is probably sufficiently close for practical purposes. In setting the Russian crop down definitely, however, one is faced with the problem of choosing from among several sets of figures. Furthermore, it is necessary to use an estimate for the present crop which is comparable with estimates for previous crops. All of the figures on Russian cotton production are from Russian sources originally, but the changes in these figures are of such nature that they lead to confusion. For this reason it seems well to state in some detail the problem of obtaining figures on Russian cotton production.

Russian sources estimate cotton production of that country by weight in terms of unginned cotton. This leads to the necessity of converting figures from unginned to ginned cotton. The International Institute of Agriculture at Rome uses the factor 0.33 for converting Russian figures from an unginned to a ginned basis. This assumes that the lint constitutes 33 per cent of the seed cotton. Mr. I. V. Chernyshev in "Agriculture of Pre-war Russia and U.S.S.R." 1926, page 100, stated that there was one pound of lint cotton to every 3½ pounds of Russian seed cotton before the war. According to this relationship, Russian seed cotton would be about 28.57 per cent lint. Although the difference is not material when the production is small, the Russian crop is now reaching a size that makes such differences of practical importance. No doubt further attention needs to be given to the factor used in converting Russian figures from an unginned to a ginned basis. For the present, however, it seems desirable to accept the figure used by the International Institute.

The problem of selecting a figure for Russian production is illustrated by the discrepancy of figures for the 1929 crop. Formerly, the International Institute reported 1,350,000 bales as the size of the 1929 crop. In their most recent Yearbook they published revised Russian figures for the years 1926 to date. In this revision the Institute placed the 1929 crop at 1,486,000 bales on the basis of an estimate in the official Russian Control figures. In their October, November and December monthly bulletins, however, the Institute published the estimate 1,225,000 bales for the 1929 crop. The most recent available figures issued by the State Planning Board of U.S.S.R.(Gosplan) place the 1929 crop at 1,310,000 bales. This figure is now accepted by the Institute. As the Institute's revised figures can now be checked with Russian official figures, except for a minor discrepancy in 1926, it seems advisable to use these as representing Russian production for the last few years.

For 1930 the Gosplan figures obtained both directly and through the Institute placed the crop at not less than 2,050,000 bales. This figure is probably too high. The monthly publications of the Institute for October, November, and December placed the Russian crop for 1930 at 1,680,000 bales. Last year, as noted, the early figures were higher than the final crop outturned. With this in mind it seems probable that subsequent Russian figures for 1930 may be scaled downward somewhat. Probably the 1930 Russian crop will range somewhere between 1,700,000 and 2,000,000 bales with the midpoint of this range giving the most reasonable specific figure.

Table 11.- Cotton: Russian production according to sources, 1926 to 1930

Year beginning Oct. 1	State Planning Board of the U.S.S.R. 1/ (Gosplan)	International Institute's figures previously used	International Institute's latest figures
	Bales of 478 pounds 2/	Bales of 478 pounds 2/	Bales of 478 pounds2/
1926	850,000	770,000	830,000
1927	1,090,000	990,000	1,090,000
1928	1,250,000	1,140,000	1,250,000
1929	1,310,000	1,350,000	1,310,000
1930	2,050,000		2,050,000

1/ From the "Control Figures of National Economy of U.S.S.R. for 1929-30" and "Shifts in the Agriculture of U.S.S.R. between the XV and XVI Party Congresses, 1930" and "Economic Life" and "Socialist Agriculture" for December 22, 1930.

2/ Production in terms of seed cotton converted to lint by the use of the factor 0.33 which means that lint cotton amounts to 33 per cent of the seed cotton. Rounded to the nearest 10,000 bales.

Special summary of the Egyptian Government's cotton policy

The Egyptian Government has taken action in the cotton market a number of times in past years in an effort to stabilize the price of Egyptian cotton. Recently they have had A. Abdel Wahhab Pasha, Under-Secretary of State make a study of their whole cotton problem. This includes a study of the effectiveness of the Government's activities in the cotton market. The report is entitled "Memorandum on the basis of a stable cotton policy submitted to H.E., the Minister of Finance". The following is a brief summary of certain sections of the report.

1914

The Egyptian Government made its debut in the field of intervention in the cotton market shortly after the outbreak of the World War which caused a severe economic crisis in Egypt due largely to the interruption of communications, especially by sea, and to the disappearance of credit, In order to meet the situation, the Government entrusted to certain export houses the power to purchase cotton for Government account, from small cultivators "up country". Soon afterwards prices began to rise and the situation was relieved.

1921

No further intervention took place until 1921, for during the war, and for two years after the armistice, cotton prices advanced rather steadily and cotton production was very profitable. In the general price deflation of 1920 and 1921 the decline of Egyptian cotton was very great; the percentage decline was even greater than that of American (middling 7/8 inch), and on March 3, 1921 the premium of Egyptian Sakel over American in Liverpool was only 48 per cent. It was soon after this that the Egyptian Government decided to intervene: the same measure was adopted as at the beginning of the war and the export houses were again instructed to buy cotton "up country" for Government account. Soon thereafter prices began to rise and the premium of Sakel over American in Liverpool had risen to 83 per cent. In April when the prices started declining again the Government decided to enter the spot market at Minet el Bassal and at the end of the month prices had recovered some and the premium was about 98 per cent. In May Egyptian cotton declined while American advanced and the premium dropped to 72 per cent. Prices in June were irregular though American and Egyptian moved together and by July a general recovery had set in. The Government on this occasion bought 174,000 cantars, or the equivalent of 36,055 bales of 478 pounds. (88,000 cantars or 18,235 bales from up-country and 86,000 cantars or 17,820 bales at Minet el Bassal) at a cost of 950,000 L. E. (Egyptian Pounds) or about $3,822,000.

1922

On April 22, 1922, the Council of Ministers approved the Ministry of Finance's suggestion of intervention on the spot market and the Minister of Finance was authorized to take the necessary measures for intervention at Minet el Bassal. The reason given for the intervention at this time was that the price of Egyptian cotton had declined more in proportion to American than the state of trade or the statistics of the crop would justify. On the day previous to this decision the premium was 57 per cent. Although prices of Egyptian rose during May there was a corresponding rise in American and the premium throughout the month varied from 51 to 56 per cent. The rise in prices of American during June and the first half of July was such as to cause the premium to vary between 42 and 53 per cent. Prices began to drop following this and Egyptian suffered more than American resulting in premiums from 38 to 54 per cent. This intervention was of short duration and only 22,864 cantars or 4,738 equivalent bales were purchased at a cost of about 140,318 L. E. or about $638,000.

1923

In August 1923 another effort was made to strengthen the market when a committee of three which had at its disposal 500,000 pounds or about

$2,320,000 began operations at Minet el Bassal. The premiums of Egyptian over American from July 1922 to about this time had been narrowing rather steadily and on June 29, 1923 was only 1 per cent. There was a rise in prices in September and the premium varied between 7 and 13 per cent. Prices in October were unsteady, but the premium remained fairly steady, varying from 2 to 11 per cent. During the next two months prices fluctuated considerably, but the premium only varied from 1 to 22 per cent. The amount bought this time was 39,766 cantars or 8,240 bales and the cost amounted to 272,495 L. E. or about $1,264,704.

1924

There was a considerable decline in the price of Sakel in the first half of September 1924 and the Government decided to begin buying again. Prices rose after the intervention and at the close of the month were well above the opening of the month. American followed about the same course during September and the first part of October, but by the end of November the premium of Sakel over American had reached 77 per cent. The expenditure of the Government in 1924 amounted to 72,697 L. E. or about $334,000 for the purchase of 9,413 cantars or 1,950 bales.

1925 and 1926

The price of Egyptian cotton rose in late 1924 and until March 1925 and on March 19 the premium over American was as high as 160 per cent. The decline in prices which followed lowered the premium to 86 per cent and at that time the Government again tried to stimulate the market. Prices continued to decline, however, and by the end of November and December the premium was 74 and 67 per cent respectively. With the additional decline in the beginning of 1926 the Government increased its operations. At this time the Council of Ministers issued a statement that purchases at Minet el Bassal would be increased up to a limit of 500,000 cantars, equivalent to 103,607 bales, and that a premium of 75 per cent would be aimed at. The operations were continued to the end of the season in August, 1926, but the price level or the premium which was desired or aimed at was not reached. The only result of intervention was that spinners had to adopt a hand to mouth policy. There were 479,815 cantars or 99,424 bales bought or took up during this period and 3,095,312 L. E. or $15,423,940 were involved. The greater part of this cotton is still on offer abroad. This is the only time the report mentions anything about what disposition, if any, was made of the cotton bought.

In December 1926 the Government took measures to stop the decline in cotton prices and announced its intention of purchasing all contracts offered and of taking delivery of cotton on those contracts. "Natural factors" caused prices to rise and the Government did not take delivery of any cotton.

1929 and 1930

The situation was such that the Government refrained from intervention in either the futures or the spot market until the decline in 1929 when the announcement was made in November of that year that the Government would operate in the futures market and would take delivery on all contracts purchased. It was also stated that the Government did not desire to do more than relieve the pressure on the market and that cotton taken would not be stored, but would be disposed of at a favorable opportunity. On November 3, 1929 the announcement

was made that the Government was a purchaser of all November contracts (Sakel) and of December contracts (Ashmouni) at the price of $27 per contract (about 27.26 cents per pound), $19 per contract (about 19.18 cents per pound) for Ashmouni. A further announcement on November 16 fixed the same prices for January (Sakel) and for February (Ashmouni). The Committee in charge of the operations announced on December 23, 1929 that the March and April contracts would be bought at $27.50 (27.76 cents) and $19.40 (19.59 cents) respectively and would demand that cotton be tendered. On February 23, 1930 it was made known that in May or June all contracts of those two months would be bought at $28 (28.27 cents) for May (Sakel) and $19.80 (19.99 cents) for June (Ashmouni) and would take delivery as usual. Instead of matters taking the same course as in 1926, when prices rose and no cotton was delivered on contract, as was anticipated by the Government the course of events proved to be very different and cotton was poured upon the Government from every quarter until the quantity taken reached almost 3,000,000 cantars or the equivalent of nearly 621,640 bales of 478 pounds. (The money involved was not given).

As to the effect of these interventions the report makes the following statement:

> "It should be clear from the above that the only effect of the Government's intervention, either in the spot market or in futures, was in most cases productive of no better result than to perturb industrial circles and to encourage them to look for their requirements elsewhere. If it happened that prices rose after intervention, this was a purely fortuitous circumstance, as is shown by the fact that they continued to rise after the Government had withdrawn.
>
> Further, if we leave out of account 1921, when the Government bought 174,000 cantars (36,055 bales) of cotton, no one will argue that the purchase of 22,864 cantars (4,738 bales) in 1922 or of 40,000 cantars (8,240 bales) in 1923 or of 9,413 cantars (1,950 bales) in 1924 was the deciding factor which led to a rise: for if it had been, the Government's purchases in 1925-1926, amounting as they did almost to double the quantity bought in the three previous years, or the amounts taken up in 1929-1930, which went far beyond any prevision, would have lifted prices to the 1919 level.
>
> The proof that the Government's action did not produce the effect anticipated is the close relation which prevailed between the price of Egyptian and the price of American: Egyptian rose in price when American rose, but never when it did not".

The following Table gives a brief summary of the various interventions including the amount of cotton bought and the expenditures by periods:

Table 12.- Egypt: Governments interventions in the cotton market; the amount bought and the expenditures by periods

Approximate period of intervention 1/	Amount bought		Expenditures	
	Cantars	Equivalent bales of 478 pounds	Egyptian lbs.(L.E.)	Dollars 2/
Beginning of the War in 1914	(not given)		(not given)	
Mar.4-June, 1921	3/ 174,000	3/ 36,055	950,000	3,822,230
Apr.22-July, 1922	22,864	4,738	140,318	638,082
Aug.-Oct. 1923	39,766	8,240	272,495	1,264,704
Sept.18-30, 1924	9,413	1,950	72,697	333,970
Mar.1925-Aug.1926	479,815	99,424	3,095,312	15,423,940
Nov.3,1929-June,1930	3,000,000	621,640	(not given)	

Compiled from "Memorandum on the basis of a stable cotton policy; submitted to H. E. the Minister of Finance, by Under-Sec'y. of State, October 12,1930.

1/ The periods are only rough approximations.

2/ Egyptian pounds converted to dollars at the average rate of exchange existing during the period.

3/ 88,000 cantars or 18,235 bales from up-country and 86,000 cantars or 17,820 bales at Minet el Bassal.

The future policy of the Egyptian Government

It is now felt that the most logical and effective way of meeting the low cotton prices from the standpoint of the Egyptian producer is by reduced production costs. The report points out that prices of Egyptian cotton are largely controlled by what takes place in the price of American cotton. Of the recommendations made in the report the Egyptian Government either has adopted or appears likely to adopt the following recommendations, according to P. K. Norris, Cotton Specialist of the Foreign Agricultural Service at Cairo:

(1) The establishment of an agricultural bank which will provide loans to producers at a reasonable rate and will thereby lower the cost of production.
(2) The reduction of rent on land.
(3) The restriction of the growing of Sakellaridis to certain sections of the Delta.
(4) Refrain from buying more cotton at any price.

The bank is now in the process of being formed. The Government has instructed the Courts to refuse to hear cases where the landlord is trying to collect rent if 80 per cent of the 1930 rent has been paid and in case where less than 80 per cent has been paid to give judgment only for an amount equal to 80 per cent. This is equal to a reduction in rent of 20 per cent. In regard to the recommendation pertaining to acreage deductions the Government in December issued a decree prohibiting the planting of Sakel in all but the three provinces of Gharbiya, Beheira, and Daqahliya. In these provinces the acreage is to be restricted to 40 per cent of the present. Since these three provinces produce about 85 per cent of the Sakel the decree if enforced will mean that the area planted to this variety will be limited to about 34 per cent of the present acreage or a reduction of about 66 per cent.

The Egyptian Government and the Cotton Exchange

The Egyptian Government announced that it will dissolve the Board of Directors of the Cotton Exchange in case the speculators secure control of the Exchange at the annual election on January 26, according to a recent cable from Mr. Norris. He further states that in case the Board of Directors should be dissolved the Exchange will be operated by a committee appointed by the Egyptian Government.

Miscellaneous News

Recent bills introduced in Congress

H. R. 15985 - by Mr. Cross of Texas, for the prevention and removal of obstructions and burdens upon interstate commerce in agricultural commodities by regulating transactions on commodity exchanges, putting a stop to short selling thereon.

H. J. Res. 451 - by Mr. Jones of Texas, to establish a rate-adjustment division for the benefit of agriculture.

Extended uses for cotton

In all the industrial towns of Lancashire, England, efforts have been and are being made to popularize cotton by means of exhibitions, dances, competitions, etc., according to reports on the meeting of the International Cotton Committee held at Brussels, October 20, 1930. This report also stated that a joint committee was organizing a British Cotton Textile Exhibition to take place in the White City, London in February. The exhibition will be under the auspices of the British Government as a section of the British Industries Fair and will fill eight large halls covering 120,000 square feet.

Arno S. Pierce in his report to this committee pointed out what was being done to popularize cotton in Germany. He brought to the attention of the committee a calendar containing a daily injunction to housewives of the possible new uses of cotton for clothing and general household requirements. He also submitted other examples of new uses such as cotton stationery and cotton wallpaper.

In connection with cotton stationery the new uses section of the Cotton Textile Institute estimates that more than 2 million square yards of print and shade cloth have already been used in making cotton stationery since the

introduction of its use about six months ago.

International Cotton Congress, 1931

The 13th International Cotton Congress will be held in Paris June 23-25, 1931. Various questions and problems will be discussed including "Cause of the Depression of World Cotton Industry and Remedies" and "The Various Factors affecting the Normal Trend of Cotton Values". The tentative program indicates that some three or four Americans will submit papers on these subjects.

Cotton acreage reduction

The American Cotton Cooperative Association and the State Commissioners of Agriculture of the Cotton Belt held a conference in Memphis on January 12, 13, 14 to discuss acreage reduction.

The Southern Cotton Production Association supplementing the activities of the Federal Farm Board has launched a campaign to bring about a cut of 25 per cent in the acreage devoted to cotton throughout the Belt according to the Press on January 16. The field agency of this Association, which was organized in Corpus Christi last October are touring the south and it is reported that the Bankers Association of the Cotton Belt have joined the campaign to induce farmers to reduce the acreage one-fourth below 1930 plantings for a period of five years.

Outlook for American cotton

Bulletin No. 4 of the Federal Farm Board called "Outlook for American Cotton" has recently been released and copies may be obtained free upon request from the Director of Information, Federal Farm Board. The statistical and economic facts upon which this statement is primarily based as well as the outlook for other southern agricultural products are treated more comprehensively in the United States Department of Agriculture Miscellaneous Publication No. 102 and 104 which may also be had free upon request from the Bureau of Agricultural Economics. The Farm Board's outlook statement deals with some phases of the outlook which are not found in the reports of the Bureau of Agricultural Economics.

Page

CONTENTS

1 - World prospects . . . . . 1 - 2
2 - Prices 3
3 - Stocks and movements . . . . . .3 - 4
4 - Textile situation . . . . . 4 - 5
5 - Europe . . . . . 6 -14
6 - Japan . . . . . .14 -15
7 - China 15
8 - Production, acreage and crop condition reports . . . . . 16 -20
9 - Special summary of the Egyptian Government's cotton policy. 20-25
10- Miscellaneous news 25-26

TABLES

1 - Indices of cotton textile distribution in Germany 7
2 - Indices of cotton textile production and distribution 7
3 - Cotton: Continental mill consumption of all kinds. 9
4 - Cotton: Continental consumption of Indian and Egyptian in relation to American and relative prices 10
5 - Cotton: Continental mill consumption by growths 11
6 - Cotton: Prices of Indian in percentage of American 11
7 - Cotton: Prices of Egyptian uppers in percentage of American . 12
8 - Cotton: American Continental spinner takings specified period .12
9 - Cotton: Indicated production and yield per acre in the United States, crop of 1930 with comparisons..... 16
10- Cotton: Acreage with production in countries reporting for 1930-31, with comparisons 18
11- Cotton: Russian production according to sources 20
12- Egypt: Governments intervention in the cotton market; the amount bought and the expenditures by periods 24

UNIVERSITY OF FLORIDA
3 1262 08863 1246

UNIV. OF FL LIB.
DOCUMENTS DEPT.
U.S. DEPOSITORY